

A Co-operative Future in a Competitive Environment?

A Research Into the Profiles, Perceptions and
Needs of Member Co-operatives.

Performed for the Co-operative Federation of Victoria
by

Paul Martin

April 2000.

1. TABLE OF CONTENTS.....	1
2. INTRODUCTION AND EXECUTIVE SUMMARY	3
2.1. EXECUTIVE SUMMARY.....	3
2.1.1. Introduction.....	3
2.1.2. Member Profile.....	3
2.1.3. Service Provision by the CFV.....	5
2.1.4. Perceived Training Needs	5
3. SUMMARY OF RECOMMENDATIONS BY FINDINGS SECTION.....	7
3.1. PROFILE OF RESPONDENTS.	7
3.2. PERCEPTIONS OF THE CFV AND ITS SERVICES.	8
3.3. PERCEIVED TRAINING NEEDS FOR OWN CO-OPERATIVE.....	9
4. THE OBJECTIVES OF THIS RESEARCH PROJECT.....	10
4.1. TWO TYPES OF OBJECTIVES	10
4.1.1. Overall Objectives	10
4.1.2. Objectives of the Survey.....	10
4.2. PRESUMPTIONS IN THE ANALYSIS.....	10
4.3. THE STRUCTURE AND CONTENT OF THIS REPORT.	11
4.3.1. Structure of the Report.....	11
4.3.2. Content of the Report	11
5. METHODOLOGY AND ANALYSIS.....	12
5.1. RESEARCH DESIGN.....	12
5.1.1. Data Gathering.....	12
5.1.2. Analysis.....	13
6. FINDINGS.....	14
6.1. INTRODUCTION.....	14
6.2. ISSUES OTHER THAN DRAWN FROM THE SURVEY'S CONTENT.....	14
6.2.1. CFV Membership Levels and Non-Member Co-operatives.	14
6.2.2. Response Rate	15
6.3. RESPONDENTS' PROFILE.....	15
6.3.1. Primary Activity of the Co-operative (Question 7).....	15
6.3.2. Requirements of "Active Membership". (Question 8)	17
6.3.3. Geographical Distribution (Question 2)	18
6.3.4. Duration of Operation as a Co-operative (Question 3).....	18
6.3.5. Duration of membership of the CFV (Question 6).....	19
6.3.6. Size of Membership of Respondent Co-operatives (Question 4a)	20
6.3.7. Number of Employees by Co-operative 4b).....	20
6.3.8. Annual Turnover per Co-operative (Question 5)	21
6.3.9. Number of Directors of the Co-operative (Question 4c).....	22
6.3.10. Number of Independent Directors of the Co-operative (Question 4d).....	22
6.4. PERCEPTIONS OF THE CFV AND ITS SERVICES.	23
6.4.1. Reasons for Being a Member of the CFV (Question 9).....	23
6.4.2. The Services and Support Mechanisms of the CFV that the Co-operative has Used (Question 10).....	24
6.4.3. Overall Standard of Service Provision (Question 11)	25
6.4.4. Services Regarded as Inadequate or Worse (Question 12).....	25
6.4.5. Effectiveness of the CFV's Representation (Question 13).....	26
6.4.6. Comments Regarding the CFV's Representation Role (Question 14)	27
6.4.7. External Consultant Used by Respondents (Question 15)	28
6.4.8. Likelihood that Co-operatives Would Use CFV Based Consultancy Services (Question 16)	28

Co-operative Federation of Victoria: Members' Survey.

6.4.9. <i>The Ways in Which the CFV Could be More Effective for Members (Question 22)</i>	29
6.4.10. <i>Other Comments</i>	30
6.5. PERCEIVED TRAINING NEEDS FOR OWN CO-OPERATIVE.....	30
6.5.1. <i>The Type of Training and its Method of Provision (Question 18)</i>	32
6.5.2. <i>What Training Would You Like the CFV to provide? (Question 19)</i>	32
6.5.3. <i>Ability to Cope with Changes in Social and Business Conditions</i>	33
6.5.4. <i>Skills Needed to Cope with Change (Question 21)</i>	34
7. APPENDICES.....	36
7.1. THE ACCOMPANYING LETTER TO MEMBERS	36
7.2. SURVEY SCHEDULE.....	37
7.3. ALPHABETICAL LIST OF RESPONDENTS.	39

2. Introduction & Executive Summary

2.1. Executive Summary

2.1.1. Introduction

The agenda behind this research is to assist the development and/or expansion of the Co-operative Federation of Victoria (CFV). Development and expansion can have many meanings, but each prospective development or expansion depends upon knowing from what point the Federation is starting.

This research was performed to investigate the relationship between the Co-operative Federation of Victoria (CFV) and its membership. All eighty two member organisations were issued with a survey form for return to an independent researcher. Twenty-four responses were returned. This response level indicates that while there is some sound support for the CFV among sections of its members, this may not be the case with all members.

That this research was needed to investigate the characteristics of member co-operatives is an indicator that the Co-operative Federation of Victoria needs better data gathering processes as part of its day to day workings. In order to represent co-operatives, the Federation needs to be able to demonstrate a sound understanding of the profile of its membership to the community, governments and the business. The establishment of a standardised and regular mechanism for gathering data from members and about members is fundamental to the representation role.

2.1.2. Member Profile

The findings of the research indicate no simple common factors which link the respondent members of the Co-operative Federation of Victoria to each other, apart from being co-operatives and being members of the CFV. There are no significant correlations between each co-operative's number of members, value of turnover, their geographical distribution, the age of the co-operative, its length of membership of the CFV, or of the sizes of its boards of directors.

The only significant feature of the profile of respondents was the large number of "consumer" co-operatives who responded: over seventy percent of all respondents.

The level of membership of the CFV (some eight percent of all registered co-operatives) and the absence of any other apparent co-operative peak body indicates that there is there is no meaningful "co-operative movement" in Victoria.

From the earliest stages of the analysis it was apparent that basic research examining all registered co-operatives in Victorian is necessary. The first group of recommendations in this report propose that a research be undertaken by the CFV to establish the profile of all registered co-operatives in Victoria and that a comparative study of the profile of CFV member co-operatives is included. This would provide a critical point of comparison between member and non-member co-operatives.

Such a comparison could point to issues and areas to consider in canvassing for future members and for identifying factors which provide opportunities to build bridges between co-operatives. If the CFV wishes to represent a "Co-operative Movement" then both knowledge and understanding of the current state of play in all co-operatives is essential. This could

consequently indicate pathways both to increase CFV's membership number and depth of support among members.

Undertaking a research is most strongly recommended, and much of the data may be available through existing records, such as data held by the Registrar of Co-operatives. The early recommendations propose different factors to examine in such a research which would be greatly facilitated through the support of the Registrar of Co-operatives.

The research identified sectors within the CFV membership: a typology which is based upon the primary activity of the co-operatives and their requirements of active membership. There were three different types represented in the survey, but there may well be more types, as the survey represented less than three percent of all registered co-operatives in Victoria. The types identified were:

1. consumer sales co-operatives
2. producer marketing co-operatives
3. housing community co-operatives

The intensity of demands of membership varied very widely with some consumer sales co-operatives having negligible demands (one small value purchase each three years) to intense levels: the sale by members of not less than eighty percent of goods they produced to their producer marketing co-operative.

The membership of the federation tends to be drawn from established organisations, with seventy seven percent of respondent co-operatives being older than six years, and nearly sixty percent older than ten years. Despite this, roughly fifty nine percent of respondents have been members less than ten years and thirty six percent have been members for less than four years.

The member size of co-operatives is very widely distributed, from one co-operative of just eleven members up to three co-operatives of more than 19,000 members. There was no relationship between size and geographical distribution.

The largest employing co-operative had fifty two employees and one third of co-operatives had no employees. No co-operative reported a membership of the same size as its number of employees, which would equate to a worker owned co-operative. All the largest financial turnover co-operatives were employers.

Turnover was as widely varied as was member number. The smallest turnover of the respondent co-operatives was under one thousand dollars per annum, while the three largest each reported turnovers in excess of \$10 million. No relationship was identified between size of turnover and geographical distribution but not surprisingly, there was a direct relationship between size of turnover and status as an employing co-operative. The largest co-operatives were the employing co-operatives.

The number of directors per co-operative varied from three to thirty six. Most co-operatives (eighty two percent) had five, six or seven directors. Only one co-operative reported having an independent director, and several were obviously unaware of the meaning of the term.

It can be reiterated that there were no clear factors among those examined which suggested a relationship between the type, size, age, turnover etc. and membership of the federation. Clearly membership appeals to co-operatives for reasons unrelated to structural factors.

2.1.3. Service Provision by the CFV.

Co-operatives' stated reasons for membership of the federation appear to be neatly divided between those paying membership to receive practical services, such as support in modification of their rules, or those paying membership to contribute to co-operation among co-operatives or to promote co-operation as way of doing business. The gulf between these two reasons seems very clear and is reinforced in a number of responses which emphasise the difference between membership for practical reasons and membership for philosophical reasons. This means that the CFV needs to ensure both needs are met in order to maintain membership levels.

The federation provides a range of different services to member co-operatives. Nearly eighty percent of respondents stated that they had used one particular service: support in modifying their rules to conform to recent changes to legislation. This service utilisation level should decrease as time passes unless new members join or there is further legislative change.

This is currently the only service that is widely recognised, but is one that only needs to happen once for each co-operative. What has been a useful point of formal contact between the CFV and its members shall eventually disappear. The level of contact between co-operatives and the federation needs to be maintained (if not increased) despite the phasing out of the need to assist with rule changes.

Other services were little mentioned. The Victorian Co-operative News (VCN) and the Information Sheets were identified ahead of director training seminars and some individually noted services.

When asked to rate the overall service provision by the CFV, respondents were generally well satisfied, but several issues arose when members were asked to identify services which were below an adequate standard. The inaccessibility of, and the slow response to messages by the (former) executive officer was singled out as the most important and frequently mentioned problem. Another concern was the VCN for two reasons, for lack of diversity of content and for poor presentation.

Half the respondents stated that the representation role provided by the CFV is adequate or better, but more than a quarter of members stated that they were unable to provide an answer to this as they had insufficient idea of the representation activities of the CFV. One third of members wanted more effective representation. This representation was suggested to be aimed towards the general public, governments and the business community in that order. In later questions more broad promotion towards a range of groups and through different methods was suggested. More promotional activity by the CFV was widely supported.

Members use consultants for many support tasks, but mainly for accounting services and auditing. Some other services were noted, but these were quite varied among the respondents. When asked whether members would like to see such services provided by the federation, one third of respondents considered that they would be at least quite likely to use them. However, the ability of the federation to provide accountancy services (the only service widely reported as being used) right across Victoria seems at best limited.

2.1.4. Perceived Training Needs

This survey indicates that respondent co-operatives, by and large, are providing little training. The provision or lack of formal training showed no correlation with size, whether the co-operative was an employer, how large the turnover was or with member number. Some of the largest member co-operatives with very large turnovers and many employees provided no formal training. This should be seen as a matter of grave concern in our current high competition and cut-throat business environment.

Of the types of training needs that respondents identified as suitable to be provided through or via the CFV, training for the board was identified by twenty seven percent of respondents. When referenced against the CFV services used by the co-operative, only three had used the existing director training.

Confidence levels of respondent co-operatives regarding their ability to survive into the future were moderate to high. Sadly this confidence may be ill placed, as so few co-operatives are providing any formal training for directors, members or staff. Less than one quarter of the fifteen most confident respondents were providing any formal training. When asked what skills were necessary to cope with change, more than half the respondents either failed to reply, said "none" or provided unrelated comments. The operation of the GST: a very short term skill need was mentioned by about a quarter of respondents, and only one reply suggested any skill development necessary for the longer term.

In summary, large, relatively prosperous (high turnover) older organisations in previously stable markets that don't provide training and think that they need no significant skills for change is precisely the profile of organisations that have been demonstrated to fall by the wayside in periods of significant change.

This suggests a substantial threat to the co-operative sector exists which need to be addressed. The federation may be the only body which can undertake the necessary catalysing role.

3. Summary of Recommendations by Findings Section

3.1. Profile of Respondents.

Recommendation 1

That the CFV commence a research of non-member co-operatives and investigate their perception of the CFV and their reason for not being members of the Federation.

Recommendation 2

That research be undertaken by the CFV which seeks to identify the types and geographical distribution of all co-operatives registered in Victoria. That as part of this research an examination of the types and distribution of co-operatives who are members of the CFV also takes place.

That a comparative analysis be performed to identify the types of sectors among CFV's member co-operatives and whether such sectors identified in the general population of co-operatives are over or under represented in CFV's membership.

That the CFV seeks basic profile data (number of members, number of employees, annual turnover, size of board of directors and number of independent directors) from its applicants for membership and periodically updates this data with surveys of members each three to five years.

Recommendation 3

That, in the above research, the views of member co-operatives be investigated to assess whether there is perceived to be an excessive focus upon gaining membership from one sector of co-operatives or another, or for providing a disproportionate level of services to that (or those) sectors. That any perceived imbalances between sector types be considered for further action by the CFV.

Recommendation 4

That the CFV ensure that articles published in the VCN have either relevance to all co-operatives or that additional/other articles be published which cover the particular interests of each co-operative sector by type.

Recommendation 5

That the CFV, in the proposed research, examine the geographical distribution of registered co-operatives and member co-operatives so as to identify the relative proportion of metropolitan co-operatives and non-metropolitan co-operatives that are members or non-members.

Recommendation 6:

That, in the research recommended in Recommendation 1 and 2, the CFV identify the age profile of the general population of all co-operatives and compare that profile to the membership age profile of CFV members.

Recommendation 7:

That those members of lesser duration of CFV membership, say less than five years, be targeted by the Federation to ensure their continuing membership.

Recommendation 8:

That the proposed research investigate the membership sizes of registered co-operatives in Victoria. That this distribution be compared with the relative size distribution of CFV member co-operatives.

Recommendation 9:

The proposed research investigate the financial turnover of co-operatives registered in Victoria. That this distribution be compared with the turnover profile of CVF member co-operatives.

Recommendation 10:

That the CFV consider recommending to member co-operatives that they should take on directors from outside the membership of their co-operative to provide an independent view of the co-operative's practices.

3.2. Perceptions of the CFV and its services.

Recommendation 11:

That the Board of the CFV be aware of a divide in primary expectations between one group of members and another in which one group sees membership conferring delivery of services to members while another group sees membership as a moral duty involving responsibility for promoting a co-operative philosophy and practice.

Recommendation 12:

That the Board seek to ensure that both sets of expectations are recognised as legitimate and met in a balanced way. This may mean that neither set of expectations shall ever be entirely met, as the two sets of expectations can be expected to continually compete for limited time and resources.

Recommendation 13:

That the CFV initiates a campaign to increase the numbers of co-operatives utilising the directors' seminars that the federation provides.

Recommendation 14:

That the board examine any existing processes for the Executive Officer providing responses to member enquiries. That where any guidelines exist for contact and response, that they be reviewed and if there are no guidelines, that they be developed and implemented as a matter of urgency.

Recommendation 15:

That members needs and expectations regarding the content and layout of the newsletter be investigated. That this could be done through the pages of the journal as a write-in or phone-in

survey, or an informal survey be performed by the executive officer during other contacts with members.

Recommendation 16:

That the newsletter include a regular listing of activities of the board and the executive officer particularly in regard to activities where those parties are representing the CFV to the external world.

3.3. Perceived Training Needs for Own Co-operative.

Recommendation 17

That the CFV does not give further consideration to providing consultancy services to its members unless there is a substantial change of circumstances or a substantial change to its membership. That the introduction of consultancy services at any time in future be based upon a market research study.

Recommendation 18:

That the CFV establish an internet site to promote its activities. That the site include a "member only" section for communication and publication of position papers, news, the VCN and Information Sheets. The site should also have email facilities.

Recommendation 19:

That the CFV commences a campaign to among co-operatives to increase their training effort. That the campaign be based upon the need for change in response to shifts in technology, social expectations and business conditions.

That the campaign promotes the need for the skilling of members of co-operatives, the skilling of the boards of co-operatives and the skilling of employees of co-operatives. The types of skills areas should include interpersonal skills development, business skills development and technical skills development.

Recommendation 20:

That the CFV does not consider direct involvement in provision of any training programs to members without seeking much more definitive financial commitment by the member towards utilising such training.

Recommendation 21:

That the CFV provide information to members regarding the fact and nature of the changes which have been and are occurring in business and society through the Victorian Co-operative News and the Information Sheets.

Recommendation 22:

That the CFV consider facilitating or running a highly publicised seminar on "coping with changes in business and society" as a stimulator for co-operatives to identify and then to address their currently little perceived developmental and training needs.

4. The Objectives of this Research Project.

4.1. Two Types of Objectives

There are two different types of objectives in this research. The first is the reason behind the performance of the research; the overall objective and the second is the specific objectives within the research.

4.1.1. Overall Objectives

This research was performed to provide a basis for development of the Co-operative Federation of Victoria (CFV). Development may include:

- (a) seeking additional members from among non-member co-operatives,
- (b) seeking to assist development of individual co-operatives so as to strengthen and increase the co-operative sector overall and/or
- (c) providing additional income generating activities for the Federation, thereby permitting other development activities.
- (d) increasing the capacity of the CFV to serve the needs of its members more effectively thereby freeing up resources for development activities.

To identify the relevance to members of any changes to the Federation's practices, this survey was performed to gain several different types of information from members. Changes are not improvements unless they are useful to the end users.

4.1.2. Objectives of the Survey

There were three research objectives supported by the structure of the survey. The first was to gather basic descriptive data about members of the Federation. Information regarding co-operative type and primary activity, membership number, annual turnover, the duration of the cooperative's existence and years of membership of the CFV etc. were requested.

The second objective was to identify the members' perception of the CFV, its services and activities. Questions were asked which sought to identify those existing services which are used or those future services which may be desired. The members' perception of the quality of those services currently provided was specifically requested, with particular consideration of those which may have been perceived as being of a less than acceptable standard.

The third objective was to discover the projected future needs of co-operatives with a focus upon either the direct provision of skills and competency development programs or the facilitation of such provision to support those future needs of the co-operatives. This could then permit the CFV to implement a strategy to support co-operatives in their development which would also support the growth and robustness of the CFV itself.

4.2. Presumptions in the Analysis

This survey's analysis makes a number of presumptions. It is preferable to state these presumptions clearly at the outset as they actually shape the constructs of the recommendations significantly and therefore have a major impact upon the tenor of the entire report.

Presumption 1

That an increase in the number of co-operatives operating in Victoria is good.

Presumption 2

That a significant increase in the proportion of co-operatives operating in Victoria that are members of the CFV is good.

Presumption 3

That co-operatives operating as businesses need to be as effective and efficient as other business organisations to ensure that the delivery of outcomes to members is competitive with other competing avenues of delivery of such products and services.

Presumption 4

That being a co-operative is not solely about being a business, but is about a whole galaxy of values and beliefs which centre upon collaborative action and the equitable sharing of both the responsibilities and the benefits deriving from that action.

4.3. The Structure and Content of this Report.

4.3.1. Structure of the Report

The report structure reflects the nature of the research and its intentions: a simple, practical exercise to increase the understanding of the members' situation, background, service perceptions and future needs.

As there are three research objectives, then there are three different sections in each of the Executive Summary, the Findings and the Recommendations.

The section on Methodology is extremely brief and negligible discussion of the strengths and weaknesses of the methods chosen is performed. Where the methodology may have some impact upon the findings, this is discussed within the findings, otherwise it is ignored. Any greater consideration of the methods is not considered likely to be useful to the end users of the research report.

Note: There has been no referencing applied in this report. The simplicity and brevity of the research and the limitations of the time frame to complete the report has mitigated against a more substantial and academic approach to this research report. However, the research design, the methods and overall approach of this research and its resultant report is commensurate with accepted professional standards of performance for organisational research of this nature.

4.3.2. Content of the Report

The report has a very specific focus and the content reflects that. The content of the research and thus the report is further limited by a number of critical conditions.

The relatively small number of members of the CFV and the still smaller group of respondents means that it makes the drawing of conclusions and the development of recommendations from the findings somewhat problematic as a basis for expansion of the CFV and its activities.

One important question regarding this issue is that of "what separates those who responded from those who did not?". The report's content therefore must be considered, at all times, in the light of the possible perceptions of those who did not respond. The self selecting group of respondents may reflect some defining difference between them and those who were not moved to reply to the survey.

Using this report as the definitive basis for the CFV to act may therefore not be entirely well advised. The report seeks faithfully to represent the views of the respondents, but the views of the large majority of co-operative members may not be represented by this sub-group.

Note: As a means of abbreviation, the term 'registered co-operatives' is used to cover all CFV non-member co-operatives registered in Victoria.

5. Methodology and Analysis.

5.1. Research Design

This is the first research to be conducted into the perceptions of the CFV by its members. While it would have been preferable to have conducted sensing interviews with a sample of members to identify emergent issues rather than to have launched into a survey immediately, this was not possible for many reasons. The research design was constructed to address a set of issues which were identified by the Chairperson of the Federation and the researcher with the support of the Executive Officer.

There are two major elements in the research design: firstly the design of the data gathering and secondly the design of the analysis procedures.

5.1.1. Data Gathering

The data was gathered by a self-completed two page, twenty three question survey with a return mail envelope (see Appendix 5.1). There was an accompanying letter outlining the purpose, processes and the confidential nature of the survey (see Appendix 5.2). The opportunity to return the survey by facsimile transmission was provided also.

The survey consisted of a mix of questions requiring quantitative and qualitative responses including numerical responses, categorical and/or descriptive responses or Likert Scale ratings and also questions with open ended opinionative responses.

A short period of time (one working week) between receipt of the survey and its due date of return was caused by the timing of the research (immediately prior to the Christmas break period).

The survey was performed using categories of questions and a question order determined by negotiation between the Chairman, the Executive Officer of the CFV and the researcher. The order of questions was to present simple, descriptive and categorical data questions before opinionative questions and to present less contentious questions before more contentious ones.

Members were advised in both the accompanying letter and it was reiterated on the survey sheet itself, that the survey was entirely confidential between the respondents and the researcher, and that no data would be made available to the CFV or any other party that could identify any single respondent.

Within this overall approach there were a number of limitations which may have had an impact upon the quality and quantity of data gathered. This has implications for the development of recommendations based upon the analysis of the data gathered. These limitations are listed as dot points below.

- The survey as a method of data gathering limits the survey's focus to issues identified by the two officers of the CFV and the researcher, rather than seeking emergent issues raised by the co-operatives themselves.
- In an attempt to optimise returns, the survey was made very brief. The brevity of the questions may have permitted some mis-interpretation by the respondents.
- As the survey was restricted to two pages of brief questions, it did not permit much depth of questioning on any of the topics addressed, nor did it permit cross referenced questions.

- The short time lines for the data gathering may have limited the potential for a higher response rate.
- This period of response time did not permit much consultation within each co-operative regarding the nature of the responses to be made. Responses may reflect the views of one or two people as opposed to the broader membership of each co-operative.

Despite these limitations, the data gained is likely to increase the understanding by the CFV of its membership. Increased future contacts by the officers and board members of the CFV with the membership should be used to generate still further data (preferably both formal and informal data). Such research may either confirm or contest the findings of this report, but above all it would increase the extent of the understanding of the CFV board and executive officer of the membership and their views. Continuous data gathering, analysis and application of those learnings is critical to the survival of organisations in a swiftly moving time of change.

5.1.2. Analysis

Owing to the brevity of the survey, to the limited level of quantitative questions and to the limited number of responses, it was decided to use limited statistical analysis of the data gathered. For some data, simple averages and standard deviations was initially undertaken to indicate the overall views of the respondents and the diversity from that averaged response. This however proved of little value and was not presented in the report. It was considered that simple frequency analysis produced more meaningful and understandable results.

Some consideration of regression analysis (examination of whether a response pattern to one question was associated with a response pattern of another question) was performed to see if this suggested any links between categories of data. This proved to be of some worth at the frequency analysis level and has been reported where such relationships appeared significant. This was only for a small number of questions.

For the qualitative data, a grounded theory approach was applied. This involves the categorisation of responses under emergent classifications. Comparative analysis techniques were then applied with some simple regression techniques being used where observation of responses suggested this was appropriate.

Discussion of, and issues raised in the analysis are presented with the tabulated data for each question.

6. Findings.

6.1. Introduction

As noted in section 1.2 of the report there were three key objectives for this research. These were:

1. The gathering of basic statistical and categorical data about the member-respondents. ie a "Respondents' Profile" This includes survey questions nos. 2, 3, 4, 5, 6, 7 and 8.
2. The identification of members' perceptions of the quality and type of service provision supplied by the CFV ie. the "Perceptions of the CFV and its services". This includes questions 9, 10, 11, 12, 13, 14 and 22.
3. The identification of the projected future needs of the members co-operatives particularly in regards to skills and competency needs ie. "Perceived Training Needs for Own Co-operative". This includes questions 15, 16, 17, 18, 19, 20 and 21.

Question 23 was open ended and potentially able to produce data that was not confined to these three categories above.

Due to this approach, the report shall detail the findings under these three heading after a number of other over-arching issues are noted.

In the section on "Respondents' Profile" certain questions have been reported in a different order to there position on the survey form. This is done to highlight a number of relationships between the data in different questions.

6.2. Issues Other than Drawn from the Survey's Content.

6.2.1. CFV Membership Levels and Non-Member Co-operatives.

The CFV currently has 82 member co-operatives. There are roughly 1,000 co-operatives registered in Victoria. This represents a member ratio of about 8%. It does not appear from these figures that the CFV is broadly representative of registered co-operatives. Further, in the absence of any other co-operative representative groups it would not appear that there is any meaningful "co-operative movement".

If there is to be a "Co-operative Movement" or even if the Federation sought to speak on behalf of co-operatives more generally, then a higher proportion of membership of CFV by registered co-operatives seems imperative.

These figures also suggest that the CFV may not be relevant to a whole group of co-operatives for whom "co-operation" may be a matter of convenience in corporate registration rather than a matter of principle or of organisational practice. For such groups the relevance of the Federation is not going to be able to be increased. There is no real basis for connection. However, whether this is the case or not, and whether there is any fertile ground for expansion of membership of the Co-operative Federation of Victoria is a matter for further research.

Recommendation 1

That the CFV commence a research of non-member co-operatives and investigate their perception of the CFV and their reason for not being members of the Federation.

The response to this research could identify a basis for either increasing the relevance of the Federation to a wider group of co-operatives with a view to increasing memberships at some future date or for a marketing campaign for increasing membership to begin immediately, should conditions be suitable.

(Note: The desirability of generating an increase in the CFV's membership is a presumption which underpins most other recommendations listed in the report.)

6.2.2. Response Rate

Eighty two member organisations were sent surveys. There were twenty four responses, two of which arrived much too late for inclusion in the report.

For "general population" mail response surveys, a ten percent (10%) response rate is considered acceptable. The response rate of over twenty-nine percent is good to the extent that it suggests support for either the opportunity to convey their views to the CFV or as support for the CFV itself.

On the other hand, if co-operatives were a tightly knit group with a potent sense of collective social objectives or even a crusading view of "cooperation" as a social movement, it may have been expected to garner an even higher response rate.

The response rate suggests that there is a sound residual support base that can be increased within the existing membership. Increasing current member support needs to be considered a pre-condition for increasing membership from non-member co-operatives. If the members of the CFV do not consider its services and activities to be adequate, convincing non-members to join may prove at best a short term gain.

6.3. Respondents' Profile.

6.3.1. Primary Activity of the Co-operative (Question 7)

(This question, while only being placed on the survey as question seven, is a most important part of defining the nature of the co-operative and its profile, so it is addressed first here.)

Co-operatives were categorised into a range of types based upon the nature of their activities and the nature of the relationship with their members. Analysis suggested that there were the following types of activities:

Co-operatives that sell goods or services to members

Co-operatives that purchase goods or services from members and market them to third parties.

Co-operatives that provide residential accommodation or community settlements to members.

(While there may be other types of co-operatives, these were not represented among the respondents.)

These were abbreviated to:

- Consumer sales co-operatives
- Producer marketing co-operatives
- Housing / community co-operatives.

<i>Co-operative Type by Frequency</i>	<i>Number of Co-operatives</i>
Consumer sales	16
Producer marketing	3
Housing / community	3

Of the Consumer co-operatives, there were six that were involved in selling only products to members, six selling only services to members and four of the respondents sold both products and services to members. Their geographical distribution between metropolitan and rural Victoria was evenly balanced.

All producer co-operatives were agricultural industry organisations, and all were rurally located.

The Housing / community co-operatives were situated in both metropolitan and rural Victoria with the sample of respondents being too small to suggest any distribution framework.

That number of Consumer sales co-operatives so dwarfs the other types (Consumer sales co-operatives were 72% of all respondents). This proportion of Consumer sales co-operatives, if reflected in the total membership and board representation of the CFV may be an important issue.

If the Consumer sales co-operatives dominate the Federation numerically, it would be expected that their interests may be uppermost in the whole orientation of the Federation, possibly to the exclusion of other types of co-operatives. (It may be noted that one non Consumer sales co-operative noted that the newsletter of the CFV failed to include any items of relevance to the sector from which that co-operative was drawn, despite many innovative and interesting processes taking place in that sector).

This is a matter for consideration. Some questions to ask in future include:

- What are the types of co-operatives registered in Victoria?
- Are all types represented in this survey or have some sectors been missed and/or has there been a or mis-categorisation in the preceding analysis of responses?
- Do these responses reflect the profile of registered co-operatives in Victoria?
- Does this high level of responses from Consumer sales co-operatives reflect the relative numbers of members of the CFV by sector?
- If the Consumer sales sector is the largest sector of the Federation (as is suggested), is there a disproportionate focus upon that area and its needs?
- Do sectors other than 'Consumer Sales' need to be represented more effectively at the highest levels of the CFV through structural reforms in order have their needs addressed, or are there other means of ensuring a equitable spread of focus and support to the lesser sectors?
- Should any future campaign to generate new members of CFV focus on any one type of co-operatives or not?

It may be that the perception of non consumer sales co-operatives is that the CFV is not interested in their situation. Some further examination of member perceptions by the board and executive officer is strongly indicated, to ensure the delivery of fair and equitable support from the CFV to all members. Also it is recommended that an investigation into the number of registered cooperatives by type be performed.

Recommendation 2

That research be undertaken by the CFV which seeks to identify the types and geographical distribution of all co-operatives registered in Victoria. That as part of this research an examination of the types and distribution of co-operatives who are members of the CFV also takes place.

That a comparative analysis be performed to identify the types of sectors among CFV's member co-operatives and whether such sectors identified in the general population of co-operatives are over or under represented in CFV's membership.

That the CFV seeks basic profile data (number of members, number of employees, annual turnover, size of board of directors and number of independent directors) from its applicants for membership and periodically updates this data with surveys of members each three to five years.

Recommendation 3

That, in the above research, the views of member co-operatives be investigated to assess whether there is perceived to be an excessive focus upon gaining membership from one sector of co-operatives or another, or for providing a disproportionate level of services to that (or those) sectors. That any perceived imbalances between sector types be considered for further action by the CFV.

Recommendation 4

That the CFV ensure that articles published in the VCN have either relevance to all co-operatives or that additional/other articles be published which cover the particular interests of each co-operative sector by type.

6.3.2. Requirements of "Active Membership". (Question 8)

The requirements of active membership should logically be congruent with the primary activity of the co-operative. This question therefore is addressed at this point.

There was a difference in the nature of requirements of active membership and an even more substantial difference in the intensity of demand of that active membership. The types of requirements were almost entirely directly related to the nature of the co-operatives' primary activity.

Requirement for Active Membership	Number of Co-operatives
To purchase from the co-operative	12
To pay an annual levy only	3
To pay an annual levy, to undertake group activities, to participate in meetings	3
Sell produce (as defined) to co-operative	3
No response	2

More than one response was received from a number of co-operatives.

Of the twelve co-operatives whose requirements for active membership included "purchase from the co-operative" there were several different levels of requirement. These related to the maximum period between purchases and in some cases to dollar levels of purchase value.

To purchase from co-operative (TOTAL)	12
To purchase from co-operative (1 year) *	7
To purchase from co-operative (3years) @	1
To purchase from co-operative (unstated term) #	4

- * To purchase not less than a set minimum value of goods from the co-operative within a period of one (1) year.
- @ To purchase not less than a set minimum value of goods from the co-operative within a period of three (3) years.
- # Purchase period not stated in response.

These three types of annotated responses are all subsets of the overall requirement "to purchase from the co-operative" and are only listed to demonstrate the varying nature of definitions of active membership requirements in consumer purchasing co-operatives.

The intensity of their demands upon members, as noted earlier varied widely. Some co-operatives expected a very intense relationship between the member and the co-operative, while others were set almost negligible demands. There appears to be little similarity between the extent of demands and the typology of the co-operative with the exception of the housing/community co-operatives which all had essentially identical requirements and wording of their "active membership" requirements.

Consumer purchasing co-operatives mostly required members to make purchases to a minimum value, usually within a defined time frame (either one or three years). Others may or may not be defined as to the time period in the active membership requirements. They may have time lines but these were not stated in the responses. Three consumer purchasing co-operatives only demanded the payment of an annual levy for the requirement of active membership.

The Producer marketing co-operatives all require that members supply a clearly defined level of produce to the co-operative. The levels of requirements vary greatly from a selling a small percentage of the producer's overall production to the co-operative up to the selling of a very high percentage of total produce (80% of all production) and high produce value to the co-operative.

Each of the three Housing/community co-operatives demands payment of an annual levy, involvement in physical activities (working bees etc.) and active participation in meetings of the co-operative. This type of co-operative seems to have the most consistent levels of requirements upon members.

6.3.3. Geographical Distribution (Question 2)

Of the twenty-two responses which arrived in time for inclusion in this analysis, exactly half were from Melbourne and metropolitan based co-operatives and half were from rural or remote areas. This separation was defined by use of postcodes: those with a post code of 3000 to 3250 were defined as metropolitan and those with higher numbered postcodes were designated rural or remote.

Recommendation 5

That the CFV, in the proposed research, examine the geographical distribution of registered co-operatives and member co-operatives so as to identify the relative proportion of metropolitan co-operatives and non-metropolitan co-operatives that are members or non-members.

6.3.4. Duration of Operation as a Co-operative (Question 3)

The distribution of length of operation of the co-operatives is tabulated below. These categories of period of duration were developed by observation of the emergent data.

Years since Formation of Co-operative	Number of Co-operatives
0 - 5 years	5
6 - 10 years	4
10 - 20 years	5
20 + years	8

The distribution of co-operative ages is skewed slightly toward older organisations. This may represent the aging of the population of co-operatives. It should be noted that there is no relationship between age of co-operative and its being either metropolitan or rural in situation. The type of co-operative versus age or geographical distribution only appears to matter in regard to producer marketing co-operatives, all of which are rurally situated.

Recommendation 6:

That, in the research recommended in Recommendation 1 and 2, the CFV identify the age profile of the general population of all co-operatives and compare that profile to the membership age profile of CFV members.

6.3.5. Duration of membership of the CFV (Question 6)

Duration of CFV Membership in Years	Number of Co-operatives
< 1 year	2
1 to 4 years	6
5 to 10 years	5
10 to 20 years	1
> 20 years	1
No Response to question	5

A quarter of responses gave no answer to this question. This may suggest that they either do not know how long their co-operative has been a member, or wish not to disclose the period for some reason. For the former it may imply that they do not have a record of the period of their membership. It seems unlikely that if they were recent members, say less than five years of duration, that they would not know. It may be implied that either they are longer term members or are unwilling to disclose the period of membership for some reason.

One issue of concern is the number of very recent members. Eight of twenty two respondents have been members for less than five years. Half of the members in this category (less than 5 years of membership) stated that their only reason for joining had been to get advice regarding the recent legislative and rule change requirements. It is possible that these four members do not have long term membership of the CFV in mind, and are only members of convenience.

That they are still members permits the federation the opportunity to demonstrate the worth of the federation and its' services so as to convince them of the value of continuing membership.

Recommendation 7:

That those members of lesser duration of CFV membership, say less than five years, be targeted by the Federation to ensure their continuing membership.

6.3.6. Size of Membership of Respondent Co-operatives (Question 4a)

Member Number by Co-operative	Number of Co-operatives
0 - 10 members	0
10 - 20 members	5
21 - 50 members	5
51 - 100 members	2
100 - 1000 members	7
> 1000 members	3

While co-operatives are not permitted to form with less than five members, there were no respondents reporting memberships of less than twice this: the smallest respondent reported eleven members. That there are no smaller co-operative members of the CFV may reflect a "maturity" issue, where the co-operative needs to reach a certain level of activity before membership of the Federation appears worthwhile. Alternatively it may mean that smaller co-operatives don't exist in any number or, potentially more seriously, that they do not consider there to be value in joining CFV.

Recommendation 8:

That the proposed research investigate the membership sizes of registered co-operatives in Victoria. That this distribution be compared with the relative size distribution of CFV member co-operatives.

With largest single category of co-operatives: Consumer Sales, a large member base would be preferable to ensure viability of the co-operative's trading, particularly if trading with members was the dominant form of trading. It should be noted that the three co-operatives with greater than one thousand members all report memberships greater than 19,000. All these co-operatives are consumer sales co-operatives, all of whom only sell products and not services.

No co-operatives reported that the number of employees and number of members was the same, or that they were smaller than 11 members. These two facts suggest that there were no co-operatives responding that were worker owned and run. This may in turn mean that there are no or few worker co-operatives, or that they are not members of the federation. Another interpretation could be that that only those co-operatives with larger memberships could allocate time to complete the survey.

6.3.7. Number of Employees by Co-operative 4b)

The number of employees of respondents was low. No respondent co-operative employs more than 52 employees, while more than a third of respondents employed no-one.

Number of Employees	Number of Co-operatives
0 employees	8
1 employee	4
2 to 5 employees	3
6 to 10 employees	2
11 to 20 employees	2
20 to 52 employees	4

The 14 employing co-operatives employed a total of 206 employees. One quarter of all co-operative employees worked for one co-operative.

Employee number was considered beside other factors to see if there were any common themes related to employee number. This factor was compared with geographical distribution and number of members of the co-operative.

Member number and number of employees were compared. The eight largest member number co-operatives had employees, but the smallest respondent also employed one person.

The number of employees was not directly related to the geographical distribution. There was an even distribution of number of employees (or the absence of employees) between rural and metropolitan co-operatives.

6.3.8. Annual Turnover per Co-operative (Question 5)

Annual Turnover (\$)	Number of Co-operatives
0 - 1,000	1
1,000-10,000	3
10,000 - 100,000	3
100,000 - 1M	8
1M - 10M	3
>10M	3

There appears to be no relationship between turnover and membership of the Federation. There are members at every level of business activity and the Federation represents the smallest co-operatives to the very largest.

Equally there appears to be no relation between turnover and geographical location. Small and large turnovers were distributed evenly between rural and metropolitan bases. There was a relationship between turnover and number of employees at the upper end of the turnover scale, (ie above \$500,000 pa.) but not at the lesser end of the scale. There was only one organisation which broke this pattern where it had a turnover in excess of \$700,000, with only 3 employees.

Some 64% of all members who responded to the survey had an annual turnover of more than \$100,000 and all of these members had employees. The remaining 36% were without employees and had extremely variable turnovers of between several thousand dollars per annum for the smallest and around \$50,000 for the largest co-operative without employees.

How this compares with registered co-operatives throughout Victoria is not known. It could be useful to identify any relationship between the level of economic activity in a co-operative and any relationship with its likelihood of membership of the CFV.

Recommendation 9:

The proposed research investigate the financial turnover of co-operatives registered in Victoria. That this distribution be compared with the turnover profile of CVF member co-operatives.

6.3.9. Number of Directors of the Co-operative (Question 4c)

The number of directors by co-operative was much more evenly distributed than any other factor. The smallest number of directors for a co-operative was three and the two largest were 16 and 36 (for both these co-operatives this represented all members being directors). Nearly half of all co-operatives had seven directors, with only the previously mentioned two having more. More than one quarter of all co-operatives had five directors.

Number of Directors	Number of Co-operatives
3 directors	1
4 directors	1
5 directors	6
6 directors	2
7 directors	10
16 directors	1
36 directors	1

Co-operatives with less than seven directors represented more than 90% of all co-operatives. The only issue of interest is that two co-operatives apparently take the participation of their members sufficiently seriously to have all members as directors.

6.3.10. Number of Independent Directors of the Co-operative (Question 4d)

While sixteen co-operatives responded that they had no independent directors and only one co-operative noted that it did have an independent director, two other co-operatives responded in ways that indicate that they did not define the term to mean directors drawn from outside the membership of the co-operative, thereby providing an external (independent) view.

That two co-operatives do not understand the terminology of 'independent director' and that only one co-operative did have an independent director may be a cause for providing information to members regarding this practice to assist in avoiding "group think" at the board level.

Three co-operatives failed to respond at all to this question.

Number of Independent Directors	Number of Co-operatives
no independent directors	16
inappropriate responses	2
1 independent director	1
no response	3

Recommendation 10:

That the CFV consider recommending to member co-operatives that they should take on directors from outside the membership of their co-operative to provide an independent view of the co-operative's practices.

6.4. Perceptions of the CFV and its services.

6.4.1. Reasons for Being a Member of the CFV (Question 9)

This area of questions commenced by the asking why the co-operative joined the CFV. This was to provide a perspective on member co-operatives' most general and broadest expectations regarding the CFV.

The initial differentiation of reasons for joining the federation was between practical reasons and philosophical reasons. This could be further defined as being a separation between receiving something (practical services) and giving something (to encourage co-operative solidarity, or to provide moral support to the CFV and its activities).

Reasons for Joining the CFV	Number of Co-operatives
to gain access to services and information	13
to promote cooperation among co-operatives	9
to ensure that governments are lobbied on behalf of cooperatives	6
to promote cooperatives to the general public	5
to promote or represent our own co-operative at the Federation level	4

More than one response was received from a number of co-operatives.

While many co-operatives provided more than one response to this question, only one of the thirteen respondents that mentioned their reason for membership was the desire to gain services or information also mentioned the "promotion of co-operation among co-operatives" as a reason for membership of the federation. The other twelve respondents who were members in order "to gain access to services and information" did not mention "co-operation among co-operatives". Equally, eight of the nine who noted their rationale for membership was "co-operation among co-operatives" did not include any mention of gaining access to services and information.

This indicates that there is a distinct divide between the co-operatives as to the rationale for the existence of the federation. Balancing such a sharp dichotomy of expectations may prove difficult.

Furthermore, only those co-operatives who stated that they were members to gain services and information were among those six co-operatives who also stated that they joined to ensure that governments are lobbied. It may be that this group of six co-operatives has the perspective that the CFV role is to provide a variety of services to co-operatives (information, rule change support, lobbying government). This group may not see that the CFV has any other major role.

On the other hand, the five co-operatives that stated among their reasons for membership that they were members "to promote co-operation to the general public" were all drawn from the group of nine that supported co-operation among co-operatives. This segmentation between those who are seeking to gain something practical from the CFV versus those wishing to provide support to a co-operative philosophy is very clear cut. Other major roles perceived by the philosophically oriented group include promoting co-operation among co-operatives and/or promoting a co-operative approach to business to the general public.

This issue appears extremely important but may yet never be amenable to solution. It may be that this 'schizophrenic' character of the CFV may be a matter for constant negotiation and

balance. It is probable that a similar polar segmentation of expectations exists for any peak body of a business or social group.

Recommendation 11:

That the Board of the CFV be aware of a divide in primary expectations between one group of members and another in which one group sees membership conferring delivery of services to members while another group sees membership as a moral duty involving responsibility for promoting a co-operative philosophy and practice.

Recommendation 12:

That the Board seek to ensure that both sets of expectations are recognised as legitimate and met in a balanced way. This may mean that neither set of expectations shall ever be entirely met, as the two sets of expectations can be expected to continually compete for limited time and resources.

6.4.2. The Services and Support Mechanisms of the CFV that the Co-operative has Used (Question 10)

This question was asked both to identify the services which the respondent co-operative had used, but also as a preface to questions eleven and twelve. The rationale for this approach is noted in the discussion of question twelve.

Members noted a total of nine different services utilised through or from the CFV. Among these nine services identified, five different services were mentioned by one respondent each.

CFV Services Used by the Co-operative	Number of Co-operatives
Support in changing the rules of the Co-operative	17*
Victorian Co-operative News (VCN)	5
General Information / Information Sheets	5
Directors Seminars	3
Other (all different)	5

More than one response was received from a number of co-operatives.

* Of the seventeen co-operatives that stated they had used the CFV's support in revising their rules, seven did not list any other service that the CFV provided to their co-operative. This was irrespective of whether such services (VCN and information sheets) were provided automatically.

The seven respondents who perceived that the only service they used from the CFV was to assist in updating their rules underlines earlier comments that some members may be using the CFV as a vehicle of convenience which they may discard at some not-too-distant future date. The publication of the VCN was recognised as a service by five members. The "Information Sheets" provided periodically were similarly recognised as a service by five members.

Only three respondents stated they had used directors seminars which indicates a failure to recognise the changing demands upon directors in recent years and the need to upgrade skills continually. This may be a matter for even more intensive research and/or canvassing by the CFV in the future.

Recommendation 13:

That the CFV initiates a campaign to increase the numbers of co-operatives utilising the directors' seminars that the federation provides.

6.4.3. Overall Standard of Service Provision (Question 11)

On this five point scale of possible responses, only two respondents rated the service provision as less than adequate. "Inadequate" and "very poor" each score one response.

Standard of Service Provision	Number of Co-operatives
No response	1
excellent	4
good	10
adequate	5
inadequate	1
very poor	1

This should be considered quite heartening, as many respondents use confidential surveys as a vehicle for unleashing their harshest criticisms. Only one respondent considered the service as "very poor" and another thought the service was "inadequate". However, it is most important not to ignore such signals of discontent. The details of these responses are noted in the discussion of Question 12, below.

Furthermore, five regarded the service as only "adequate". For seven members the service could be better. Improvement in service standards is possible for nearly one third of members.

That the service is good or better for more than half of the respondent members demonstrates that a basis in good service already exists for a high proportion of members. The need is for consistent delivery of high service standards. It appears that the problems noted occurred during the tenure of the previous Executive Officer. This issue is dealt with in section 5.4.4.

6.4.4. Services Regarded as Inadequate or Worse (Question 12)

Only very few problem types were noted by members regarding service delivery by the CFV. Fourteen members (64%) did not respond to this question, indicating that they felt no need to comment upon the services provided by the CFV. The only problem that was repeatedly noted was that of "poor access to, or a lack of responsiveness by the (previous) executive officer.

Of the other three issues that were noted they were noted by only one co-operative each. However, as this are is most important to the CFV all responses have been tabulated.

Less than adequate service provision	Number of Co-operatives
No response	14
Poor access to, or lack of responsiveness from the previous executive officer	5
Victorian Co-operative News (VCN)	2*
Poor rules advice, leading to tax problem	1
Need more public education and promotion of co-operation	1
Need more training workshops #	1

* Two respondents noted that the VCN was poor, one stated that the content failed to cover the interest areas of all member co-operatives and one stated that the format was amateurish.

Respondents stated that the training workshops needed should be directed towards directors and staff of co-operatives, with a focus upon legal and financial aspects of operating a co-operative.

The responsiveness and accessibility of the previous executive officer was stated as being a problem by five members. This represents 22% of respondents. This is a very serious matter. While there is now a new incumbent in this position, it may be that the inaccessibility or poor responsiveness to members' needs is structural, and not simply attached to the individual. Even if this is not the case, ready accessibility and speedy response is a matter deserving serious consideration by the board to ensure that appropriate systems and skills are in place to serve members' needs.

Recommendation 14:

That the board examine any existing processes for the Executive Officer providing responses to member enquiries. That where any guidelines exist for contact and response, that they be reviewed and if there are no guidelines, that they be developed and implemented as a matter of urgency.

In the above question, one respondent stated that the services provided by the CFV was "very poor". The service that was singled out for criticism was the VCN, which they stated was "...very poor. Amateurish, shabby, counter productive".

Recommendation 15:

That members needs and expectations regarding the content and layout of the newsletter be investigated. That this could be done through the pages of the journal as a write-in or phone-in survey, or an informal survey be performed by the executive officer during other contacts with members.

The sole respondent stating that the services of the CFV were 'inadequate' listed the service problems they had had related to poor advice regarding their revision of rules which lead to a significant taxation problem later. The confidentiality requirements of this survey make it difficult to suggest a means of addressing this issue, as no disclosure of the name of this co-operative is possible. The provision of the advice was (presumably) through the former Executive Officer, who has departed the CFV, but further informal investigation by the board is strongly suggested.

6.4.5. Effectiveness of the CFV's Representation (Question 13)

This representation role of the CFV was perceived overall by members to be reasonably effective. Only one respondent rated the CFV's representation was poor and two more rated it as inadequate. Of the remainder, the majority supported the CFV, while a large minority group stated that they did not know how to judge or they simply failed to respond.

With exactly half the respondents approving of the representation activity of the CFV and a further 10% offering no response, the level of representation is acceptable to a majority of respondents. It is a concern that 27% of members did not feel capable of assessing the level of representation of the CFV. This suggests the need for improved communication of the federation's activities to its members.

Effectiveness of Representation by CFV	Number of Co-operatives
No response	2
don't know	6
poor	1
not effective	2
adequate	3
effective	5
very effective	3

Recommendation 16:

That the newsletter include a regular listing of activities of the board and the executive officer particularly in regard to activities where those parties are representing the CFV to the external world.

6.4.6. Comments Regarding the CFV's Representation Role (Question 14)

Half of the respondents failed to make any reply to this question and one responded that they could not say as they didn't know, while another commented that the representation role was adequate. Of those who did comment about specific issues, their focus was upon supporting greater promotion of the co-operative way of working and the co-operative movement.

Comments Upon Representation by CFV	Number of Co-operatives
No response	12
more promotion needed	7
appears adequate	1
should be stronger (no target specified)	1
don't know, can't say	1

The seven responses stating that "more promotion is needed" is further sectorised into those groups towards whom the respondents suggested that greater promotional effort be directed.

Promotion is needed towards	Number of Co-operatives
the community in general	5
governments	4
the business sector	1

More than one response was received from a number of co-operatives.

This support for a greater level of promotional activity, particularly to the broader community and to governments, serves to underline the desire for promotion evident in responses to Question 9. It is common among special interest groups that they feel that their cause is not being promoted sufficiently. This is a very difficult task for all small, special interest groups, but is clearly a need perceived by nearly one-third of members responding.

Recommendations regarding the promotion issue and CFV have previously been noted.

6.4.7. External Consultant Used by Respondents (Question 15)

Only three co-operatives stated that they used no consultants or did not respond to this question. Most commonly used were accountants and auditors, then industry specific skills training and VECCI for industrial relations advice and representation.

Consultant Type Used	Number of Co-operatives
accountant	13
auditor	5
industry specific training	3
VECCI	3
computer training	2
solicitors	2
sales training	1
PR consultant	1
financial advisor	1
business consultant	1
cartage contractor	1
'none'	2
not applicable to this co-operative	1
no response	1

More than one response was received from a number of co-operatives.

"Accountant" was the dominant type of external consultant noted in the responses, but most co-operatives would also use the services of an auditor to comply with registration requirements. Apart from this area of taxation requirements and financial reporting, there was little agreement over the types of consultants used by co-operatives. One co-operative did note that they were using an accountant who "had no idea about co-operatives" and this had caused financial and taxation problems for the co-operative.

While it may be that many co-operatives use accountants, many of whom may have little knowledge and experience of co-operative ventures, this does not necessarily imply the opportunity for the CFV to provide accounting services to co-operatives. The limitations of distance and different requirements for different industry types may mitigate against any attempt by the CFV to provide such a service.

6.4.8. Likelihood that Co-operatives Would Use CFV Based Consultancy Services (Question 16)

Likelihood of Use of CFV Consultancy	Number of Co-operatives
not sure	9
very likely	5
quite likely	3
not likely	2
not at all likely	2
no response	1

The response to this question indicated a considerable degree of uncertainty among respondents. Over forty percent of the respondents replied "not sure" and one gave no response.

Of the 55% who provided more definitive answers, only five categorised themselves as "very likely" to use consulting services provided by the CFV. Three were "quite likely" and two were "not at all likely" to use such services. This does not suggest that there is any substantial opportunity for the CFV here.

Recommendation 17

That the CFV does not give further consideration to providing consultancy services to its members unless there is a substantial change of circumstances or a substantial change to its membership. That the introduction of consultancy services at any time in future be based upon a market research study.

6.4.9. The Ways in Which the CFV Could be More Effective for Members (Question 22)

This question was asked next to last with the intention that the issues raised throughout the entire survey would be considered by respondents in their replies.

Given the responses, this appears to have happened to some extent.

Ways of being more effective for members	Number of Co-operatives
no response	7
don't know at present	1
increase promotion / visibility of co-operative movement	9*
provide greater access / responsiveness to members	2
Provide training	3
other	6

More than one response was received from a number of co-operatives.

* Of these nine respondents, three specifically noted that the CFV should increase its visibility via an Internet site. They did not state that any other form of promotion or that promotion in general was desirable. While other forms of promotion may also be useful, the establishment of an internet site seems a useful project.

Recommendation 18:

That the CFV establish an internet site to promote its activities. That the site include a "member only" section for communication and publication of position papers, news, the VCN and Information Sheets. The site should also have email facilities.

The six "other" category respondents suggested the following: use email for communication, develop benchmarks for performance, introduce executive or officer visits to co-operatives, provide directors' liability insurance, "keep us informed" and "doing rather than talking".

The greatest single desire among respondents was to increase the level of visibility and promotion of co-operation and co-operatives. This reflects the responses to question 14, where seven respondents suggested that greater promotion was a key activity for the CFV. Of the seven in question 14 responding that promotion should be increased, only 2 of these

responses were reiterated by the same respondents as in question 22. This means that in the survey overall, eleven, or half of all respondents, wanted an increase in promotional activity by the CFV as a core function.

6.4.10. Other Comments

This was designed to permit a free ranging response on any matter from the individual co-operative to the CFV. While several used this question to introduce issues not previously addressed, less than half of the respondents replied to this opportunity at all.

Other comments	Number of Co-operatives
"nil", "none", or no response	13
more advocacy of co-operation	3
CFV restricted by limited budget	3
CFV limited by past staff	2
other	5

More than one response was received from a number of co-operatives.

Of the three that suggested "greater advocacy" all had responded in favour of increased promotional activity to earlier questions.

The "other" responses were: "Tony Gill has left and appears to have done so under a cloud", "the CFV has been useful on co-operative matters", "service provision (by the CFV) is not a high priority", "CFV needs to develop services to members" and political interventions by the CFV are needed to raise politicians awareness of co-operatives."

There is little that was provided in the way of response to this question that is of note, with the minor exception that a number of co-operatives recognise that the CFV is limited in what it can do due to the level of income that is generated by the CFV. None offered any indication of ways in which income could be increased.

6.5. Perceived Training Needs for Own Co-operative.

The issue of training in co-operatives has long been regarded as highly important. It is one of the seven principles of co-operation adopted by the International Co-operative Alliance as fundamental to co-operatives. Participation of co-operatives in training activities could therefore be expected to be both considerable and widely distributed among co-operatives.

If there was any expectation of high levels of participation in training among co-operatives, this did not prove to be the case with respondents. Formal training was provided by only twenty seven percent of the co-operatives responding to the survey. Formal training implies training which is performed by a suitably skilled trainer or takes place in a formal setting, such as a training room or equivalent.

Does your co-operative provide formal training?	Number of Co-operatives
No	16
Yes	6

There was no statement in the survey to suggest that formal training meant payment to trainers. The question was about structured training and there should be no requirement that formal training implies paid trainers, though in many situations this may be the case.

The absence of a widespread involvement by co-operatives in formal training is significant. It could be assumed that the co-operatives not actively training maybe the smaller, lower turnover co-operatives without any employees while the larger membership co-operatives, with high turnover and with greater numbers of employees would be much more likely to provide training. These three factors were examined against involvement in formal training.

Membership Number

Membership levels were not definitive indicators of whether a co-operative provided training. Of the eleven co-operatives with member numbers below 100 only one of them provided formal training. However of the eleven co-operatives with 100 members or more, only five provided training and six did not. Larger co-operatives were more likely to provide formal training, but less than half of the group of larger co-operatives did so.

Number of Employees

This also did not show a definitively direct relationship between number of employees and whether formal training was provided. Of those six co-operatives providing formal training, three had one employee or less and the balance had seven employees or more.

There were twelve co-operatives with one or no employees, three of whom provided training. Of the remaining ten co-operatives who employed between three and fifty two employees only three of these provided formal training. Four co-operatives, each employing between ten and thirty five employees, state that they provided no formal training. That these larger employers are not providing training in a time of extreme business competition is a matter of considerable concern.

Turnover

The level of turnover did not prove any more definitive an indicator as to whether formal training was provided than did the other categories. The range of turnover of co-operatives that provided training was from the tens of thousands of dollars per annum to the multiple tens of millions. While there was a greater incidence of provision of formal training among the higher turnover co-operatives, there were nine co-operatives with turnovers of greater than \$100,000 that provided no training and of these, three had annual turnovers in excess of \$1,000,000.

Recommendation 19:

That the CFV commences a campaign to among co-operatives to increase their training effort. That the campaign be based upon the need for change in response to shifts in technology, social expectations and business conditions.

That the campaign promotes the need for the skilling of members of co-operatives, the skilling of the boards of co-operatives and the skilling of employees of co-operatives. The types of skills areas should include interpersonal skills development, business skills development and technical skills development.

Training is not simply a principle of good co-operation, it is also a matter of good business sense which provides many ancillary outcomes such as organisational team building and staff and board morale, not just technical skills for the future. Organisations which will survive into the future will be those who provide better and more competent service to their clients and its members, and this is based in skills, which is in turn anchored in good training.

The majority of co-operatives surveyed, especially those with many members, large turnovers and employing staff, may be limiting their futures by failing to provide formal training.

6.5.1. The Type of Training and its Method of Provision (Question 18)

This question drew a seventh response above the six who replied 'Yes' to the previous question. This may have been due to the absence of the word "formal" from the question. The response suggests this may be so.

No respondents listed both the content type of the training and the means of its delivery.

Type and Means of Training Delivery	Number of Co-operatives
No response	12
not applicable	3
industry specific skills training	4
computer skills training	3
shareholder training	1
financial and asset management training	1
university short course training	1

More than one response was received from a number of co-operatives.

Of the twenty two respondents to the survey, only one co-operative was providing formal training to its members (to whom it referred to as 'shareholders'). Of those providing other areas of training, industry specific skills and computer skills dominated.

Member training, training of board members and training particularly in business skills for members and/or board members, which could be considered fundamental to co-operative strength and survival, were in drastically short supply. Training to act and work cooperatively is as important as business and technical skills training. The assumption that co-operatives automatically act co-operatively is naive and demonstrably erroneous.

6.5.2. What Training Would You Like the CFV to provide? (Question 19)

Despite the limited extent of training provision indicated in the previous two questions, this question drew replies from nearly two thirds of the survey respondents. Previous practice is a better indicator of future practice than is a positive response to a survey. Those co-operatives which are not training presently cannot be expected to improve their training practices and start using a service simply because it is provided through or by the CFV.

Preferred Training Type	Number of Co-operatives
No response	6
Don't need training / not applicable	2
Training for Directors / Board	6
Computers; internet, e.commerce	3
Customer service	2
Other (individual issues)	7*
Don't know	1

More than one response was received from a number of co-operatives.

Of the six co-operatives that stated they wanted directors' / board training, only two were currently providing any formal training (not necessarily director training), despite the fact that the CFV is currently offering directors' training. This may indicate that either they are not aware of the CFV-provided training or that they are not serious about undertaking such training.

The seven individual types of training raised were: marketing, administration, GST, financial and asset management, sales, teamworking, and finally "one involving no conflict of interest".

There seems to be little training required that either the CFV is not already offering (directors' training) or that could not be performed adequately by others (computer skills, customer service skills etc.).

Recommendation 20:

That the CFV does not consider direct involvement in provision of any training programs to members without seeking much more definitive financial commitment by the member towards utilising such training.

6.5.3. Ability to Cope with Changes in Social and Business Conditions

The large majority of business commentators state that survival into the future will depend upon the quality of skills within an organisation and their relevance to contemporary social as well as technology and business conditions. They also state that continuous improvement in product and service, based in a high quality, continuous and well focussed training regimen is vital.

With the need to improve continuously and therefore to train continuously as a given, this question was therefore cross referenced with a number of different answers to draw out some potential issues and anomalies that need to be considered by co-operatives as whole.

The co-operatives largely felt confident about their continuance into the future, but not universally.

Level of confidence about future survival	Number of Co-operatives
No response	1
not applicable *	2
not likely	1
not sure	3
quite likely	13
very likely	2

Of the two respondents who stated their survival into the future was very likely, one was a very high turnover organisation that provided formal training. The other had a turnover in excess of \$100,000, but provided no formal training.

Of the thirteen who stated they were "quite likely" to survive only three were providing any formal training, two of whom were large turnover organisations and one had a very small turnover. The remaining ten who considered themselves likely to survive were providing no formal training, and six of these organisations had turnover in excess of \$100,000 and three of these had a turnover above one million dollars.

This appears to indicate a degree of misplaced confidence among organisations of a sufficient size and income to develop a better approach to their businesses. This is normally an indicator of an aging management or board which may have lost touch with current business and social conditions. This is a problem for co-operatives mentioned repeatedly by Parnell (1999).

This possibly excessive self confidence could be considered a grave threat to these co-operatives individually and to the whole co-operative movement. The problems of the Victorian Producers Co-operative were in part attributed to a management and board which had aged and lost contact with contemporary conditions and its key stakeholder groups.

Despite the potential gravity of this situation, there is no recommendation provided here as it is dealt with in recommendations twenty one and twenty two.

6.5.4. Skills Needed to Cope with Change (Question 21)

The sense of complacency noted in the question above is continued in the responses to this question also. The majority of co-operatives did not indicate that there were any additional skills which they would need to survive into the future.

Skills required for your future survival	Number of Co-operatives
No response	10
"none"	1
unrelated comment	1
GST understanding	4
skills specific to their industry	3
other individual skills	3
computer usage	2

Of those co-operatives which actually indicated any need to develop skills for the future, the largest group was that which stated a need to be able to understand and apply the requirements of the Goods and Services Tax. This is still only a very short term skills need.

The three "other individual skills" were "skills / knowledge for tendering", knowledge of financing and taxation requirements and most interestingly that "training was less important than the ability to acquire a vision for the future for co-operatives to deal with change." This last response is extremely insightful and should be a key topic for discussion and action within the co-operative sector.

It appears that many co-operatives don't yet have a grasp of the sorts of significant changes that are taking place in the way that society operates and how business has changed. These changes, are due to partly to shifts in technology, and also to changing social views in regard to such issues as environmentalism, the role of women in the society and the workplace, the shift in demographics (towards an aging society, an increasingly educated society, a changing racial mix, changing employment patterns, increased work hours, different work patterns and practices and significant shifts in income distribution).

Business changes include a shift to collaborative and network marketing, towards e-commerce, to team based work, increasing consumer education leading to more demanding consumers, shifts in international trading patterns, exponentially increasing information flows and availability and increasing competition from both national and international sources.

Recommendation 21:

That the CFV provide information to members regarding the fact and nature of the changes which have been and are occurring in business and society through the Victorian Co-operative News and the Information Sheets.

Recommendation 22:

That the CFV consider facilitating or running a highly publicised seminar on "coping with changes in business and society" as a stimulator for co-operatives to identify and then to address their currently little perceived developmental and training needs.

The CFV may have a responsibility to assist co-operatives to recognise the increasing demand by consumers for "socially worthy" goods and services. Co-operatives are ideally placed to have a leading role, not just to be involved in this market shift. The social worth of co-operation is increasingly being recognised. It would be a tragedy if this were a tide in the affairs of co-operatives which they did not utilise to lead on to greatness.

Finally, the Co-operative Federation of Victoria may be the only body in the state which is able to identify current issues and threats to the co-operative sector or is respected sufficiently by co-operatives to provide leadership and an increased sense of direction regarding the need to address changes that are occurring in business, society and technology.

This is a grave responsibility, being as it is both important and urgent, and yet it is a duty that cannot be passed to others. Hopefully, for those who see co-operation as a preferred form of social and business organisation, the federation recognises the implications of that responsibility and is able to act upon them.

7. Appendices.

7.1. The Accompanying letter to members

The Chairperson of the Co-operative.

Dear

In order to improve services to you, the members of the Cooperative Federation of Victoria (CFV), the Board of the CFV has decided to seek the assistance of a consultant to identify the needs of members.

This information shall be used to improve services to members and will enhance the ability of the CFV to represent members to government. This representation shall be to try to influence the adoption of policies and practices in favour of cooperatives, in particular in rural areas.

To increase the likelihood of effective dealings with government and to assist in identifying the needs of members, these diverse information gathering issues have generated a research project aimed at collecting basic information from members.

This is being undertaken with the voluntary support of an academic and commercial researcher, Paul Martin. Paul is a sessional lecturer in Business at RMIT and has undertaken research into training nationally and internationally. He has also managed cooperatives and a large, not for profit company.

The survey is short and should take less than 20 minutes to complete. Of course, there is *NO* requirement that every question be answered, but this would be preferred. **Information about each individual co-operative shall be entirely confidential to the researcher. The final report to the CFV Board will not permit identification of any single co-operative. You are totally free to speak your mind!**

The final report shall provide an aggregated summary of all responses, plus analysis of the data. A set of recommendations shall be developed based upon the findings. It is projected that the report shall be available to the CFV Board for their meeting following the AGM in February 2000. The uses to which the CFV puts the analysis and recommendations contained in the report shall not be the responsibility of the researcher.

The research is designed firstly to collect simple data such as age and size of each co-operative, then to investigate the relationship between the CFV and the members, and finally to establish if there are any areas of training that may be useful to members that could be provided through the CFV.

A free return envelope is enclosed for the survey, but if you prefer, you can fax the survey directly to the researcher at (03) 9326 3180.

The return mail address (as on the envelope) is:
Ubik P.L. 73 - 75 Lothian St., North Melbourne, 3051.

It would be greatly appreciated if all responses could be returned prior to December 22nd, 1999.

We thank you in apprehension of your response and look forward to serving your needs even more effectively in future.

Yours in cooperation,

David Griffiths
Chairman of the Board

7.2. Survey Schedule

Note: the response space on the original survey has been reduced to one line each question in this version.

Cooperative Federation of Victoria Ltd. (CFV) Research

This research is **entirely** confidential. No private data shall be available to **anyone** but the researcher.

- 1 What is the name of your co-op?
- 2 In which town / suburb is your co-op's headquarters?..... postcode
- 3 How long ago was your co-op formed? years.
- 4 How many:
 - a. co-op members do you have? b. employees do you have?
 - c. directors? d. independent directors?
- 5 What is the annual turnover of your co-operative? \$
- 6 How long has your co-operative been a member of the CFV? years.
- 7 Please state the primary activities of your co-operative
.....
- 8 What are your "active membership" requirements?
.....
- 9 Why is your co-operative a member of the CFV?
.....
- 10 What present services and support mechanisms of CFV have you used?
.....
- 11 How would you rate, overall, those services that you receive from the CFV?
excellent ☐ good ☐ adequate ☐ inadequate ☐ very poor ☐
- 12 What service(s) were of adequate, less than adequate or very poor standard? Please state which service it was, how you rated it (adequate, inadequate or very poor) and why you rated it that way:
(The services available include Victorian Co-operative News, rules advice, other regulatory advice, representation / advocacy, Agricultural Directors Seminar (Monash University), Publications for sale, other information provision and insurance.)
.....
- 13 How effectively does the CFV represent your co-op's and the movement's overall interests to the business, government and the general community?
very effectively ☐ effectively ☐ adequately ☐ not effectively ☐ poorly ☐ don't know ☐

14 Would you like to make any comments about the CFV's representation role?

.....

15 What present externally sourced business services and support mechanisms (such as accountants, consultants, training organisations etc.) does your co-operative use?

.....

16 If the CFV offered similar services how likely would your co-operative be to use those services?

very likely ☐ quite likely ☐ not sure ☐ not likely ☐ not at all ☐

17 Does your co-op provide any formal training internally? Yes ☐ No ☐

18 Please detail what type of training and how it is provided.

.....

19 What management or staff training, or similar resources would you like the CFV to offer?

.....

20 How likely is it that the management, staff and membership of your cooperative will be able to deal effectively with the present rapid changes in society and business competition?

very likely ☐ quite likely ☐ not sure ☐ not likely ☐ not at all ☐

21 What other new skills or training may your co-op need so as to cope effectively with such change?

.....

22 In what ways could CFV work more effectively for your organisation?

.....

23 Have any comment you would like to make about the CFV that has not been covered here?

.....

7.3. Alphabetical List of Respondents.

1. Abalone Fisherman's Co-operative Ltd.
2. Central Sires Co-operative Ltd.
3. CEPA Co-operative Ltd.
4. Co-operative Energy Ltd.
5. Co-operative Purchasing Services Ltd.
6. Colac Herd Improvement Co-operative Ltd.
7. Frankston Rental Housing Co-operative Ltd.
8. Green Valley Co-operative Ltd.
9. Herd Improvement Co-operative (Maffra) Ltd.
10. Melbourne Co-operative Bookshop Ltd.
11. Moonee Creek Co-operative Ltd.
12. Mount Murrindal Co-operative Ltd.
13. MSA Co-operative Bookshop Ltd.
14. NewMarket Co-operative Ltd.
15. PBE Water Supply Co-operative Ltd.
16. Primeat Co-operative Society Ltd.
17. Southern Energy Co-operative Ltd.
18. Urban Camp Melbourne Co-operative Ltd.
19. Waverley Trading Co-operative Ltd.
20. Wholefoods Coop Ltd.
21. YCW Co-operative Society Ltd.